

## **TITLE 16. CALIFORNIA BOARD OF ACCOUNTANCY**

NOTICE IS HEREBY GIVEN that the California Board of Accountancy is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at The Sainte Claire, 302 South Market Street, San Jose, CA, 95113, at 9:00 a.m. on November 18, 2011. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the California Board of Accountancy at its office not later than 5:00 p.m. on October 31, 2011 or must be received by the California Board of Accountancy at the hearing. The California Board of Accountancy, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010, 5092, 5093, 5094 and 5094.6 of the Business and Professions Code; and to implement, interpret or make specific Sections 5092, 5093, 5094 and 5094.6 of the Business and Professions Code; the California Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

### **INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

Existing law, Business and Professions Code §5094.6(c), requires that, no later than January 1, 2012, the Board adopt, by regulation, guidelines for accounting study to be included as part of the education required for licensure as a certified public accountant. In adopting such regulations, the Board is required to consider the views of the Board's Accounting Education Advisory Committee. This regulatory proposal would implement and establish the guidelines for accounting study as required by Section 5094.6(c), as follows:

#### **1. Adopt Section 2.8 Title 16 of the California Code of Regulations.**

This proposal would define "satisfactory evidence" of completion of educational qualifications as certified transcripts mailed directly to the Board from the educational institution. It allows that in unusual circumstances, other evidence may be accepted by the Board. It states that foreign transcripts must be evaluated by a Board-approved credential evaluation service.

#### **2. Amend Section 9.2 Title 16 of the California Code of Regulations.**

This proposal would delete the definition of "satisfactory evidence" which is being restated in proposed Section 2.8, and it would provide that the unit conversion formula

is applicable to the entire article rather than limited to only this section.

### **3. Adopt Section 11 Title 16 of the California Code of Regulations.**

This proposal would specify that an applicant for licensure after January 1, 2014 must complete 24 units of accounting subjects, 24 units of business-related subjects, 20 units of accounting study and 10 units of ethics study. The applicant must provide satisfactory evidence of completion of these units.

### **4. Adopt Section 11.1 Title 16 of the California Code of Regulations.**

This proposal would define the 20 units of accounting study required in Section 11. An applicant may meet this requirement by obtaining:

1. A Master's degree in Accounting, Taxation, or Laws in Taxation; or
2. Completing a minimum of six units in accounting, a maximum of 14 units in business-related subjects, a maximum of nine units in other academic work relevant to accounting and business, and a maximum of four units in internships or independent studies.

This proposal also defines "other academic work relevant to accounting and business" as:

- a maximum of three units in courses that increase oral, verbal, written and presentation skills which also increase the ability to gather, critically analyze and assess, and reach conclusions from certain disciplines;
- a maximum of three units in foreign languages or in courses whose title contains certain words; and
- a maximum of three units in courses providing information on markets within which a particular industry operates and contain certain words in the title or be within certain disciplines.

### **FISCAL IMPACT ESTIMATES**

#### **Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:**

The anticipated workload increase is considered minor and absorbable and can be redirected within existing Board staffing levels.

**Nondiscretionary Costs/Savings to Local Agencies:** None

**Local Mandate:** None

**Cost to Any Local Agency or School District for Which Government Code Sections 17500-17630 Require Reimbursement:** None

#### **Business Impact:**

The Board has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting

business, including the ability of California businesses to compete with businesses in other states.

## **AND**

The following studies/relevant data were relied upon in making the above determination:

It is not anticipated that this proposal would require any additional costs to businesses or individuals. The law establishes the requirement of the 20 units of accounting study. This regulation is designed to clarify and specify which courses would qualify in order to satisfy this requirement.

### Impact on Jobs/New Businesses:

The Board has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

### Cost Impact on Representative Private Person or Business:

The cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action and that are known to the Board are insignificant.

### Effect on Housing Costs: None

## EFFECT ON SMALL BUSINESS

The Board has determined that the proposed regulations may affect small businesses.

## CONSIDERATION OF ALTERNATIVES

The Board must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

## INITIAL STATEMENT OF REASONS AND INFORMATION

The Board has prepared an initial statement of reasons for the proposed action and has available all the information upon which the proposal is based.

## TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and of the initial statement of reasons, and all of the information upon which the proposal is based, are available on the Board's Internet Web site at [http://www.dca.ca.gov/cba/laws\\_and\\_rules/pubpart.shtml](http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml) and may also be obtained at the hearing or prior to the hearing upon request from the California Board of Accountancy at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

#### AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named in the following section.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named in the following section or by accessing the Web site listed in the following section.

#### CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name:	Matthew Stanley
Address:	California Board of Accountancy 2000 Evergreen Street, Suite 250 Sacramento, CA 95815
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The backup contact person is:

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Web site Access: Materials regarding this proposal can be found at [http://www.dca.ca.gov/cba/laws\\_and\\_rules/pubpart.shtml](http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml).